中鋁礦業國際

CHINALCO-CMC CHINALCO MINING CORPORATION INTERNATIONAL

(Incorporated under the laws of the Cayman Islands with limited liability)

Stock Code: 3668

INTERIM REPORT 2014

Contents

Company Profile

Chinalco Mining Corporation International (the "Company") is a resource development company acting as the core platform of Aluminum Corporation of China ("Chinalco") for the future acquisition, investment, development and operation of non-ferrous and non-aluminum mineral resources and projects outside China.

The Company was incorporated in the Cayman Islands on 24 April 2003 as an exempted company with limited liability under the Companies Law (2012 Revision) of the Cayman Islands (the "Companies Law"). The Company's shares (the "Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 January 2013 (the "Listing" or "Listing Date"). The Group is principally engaged in exploration, development and production of ore resources and other mining related activities.

Processing Plant

Corporate Information

Executive Directors

Zhang Chengzhong *(chairman)*
Huang Shanfu
Liang Yunxing

Non-executive Directors

Li Bohan
Liu Hongjun
Wang Dongbo

Independent Non-executive Directors

Scott McKee Hand
Ronald Ashley Hall
Lai Yat Kwong Fred
Francisco Augusto Baertl Montori

Members of the Audit Committee

Lai Yat Kwong Fred *(chairman)*
Li Bohan *(member)*
Liu Hongjun *(member)*
Scott McKee Hand *(member)*
Ronald Ashley Hall *(member)*

Members of the Remuneration Committee

Scott McKee Hand *(chairman)*
Zhang Chengzhong *(member)*
Liang Yunxing *(member)*
Ronald Ashley Hall *(member)*
Lai Yat Kwong Fred *(member)*

Members of the Nomination Committee

Zhang Chengzhong *(chairman)*
Li Bohan *(member)*
Scott McKee Hand *(member)*
Ronald Ashley Hall *(member)*
Lai Yat Kwong Fred *(member)*

Members of the Executive Committee

Zhang Chengzhong *(chairman)*
Huang Shanfu *(member)*
Liang Yunxing *(member)*
Li Bohan *(member)*
Liu Hongjun *(member)*
Wang Dongbo *(member)*

Members of the Strategic Investment Committee

Zhang Chengzhong *(chairman)*
Liu Hongjun *(member)*
Wang Dongbo *(member)*
Scott McKee Hand *(member)*
Ronald Ashley Hall *(member)*
Huang Shanfu *(member)*

Joint Company Secretaries

Du Qiang
Mok Ming Wai

Authorized Representatives

Zhang Chengzhong
Lai Yat Kwong Fred

Alternate Authorized Representative

Mok Ming Wai

Registered Office

PO Box 309 Ugland House, Grand Cayman
KY1-1104, Cayman Islands

Headquarters

No. 62, Xi Zhi Men Bei Da Jie, Haidian District,
Beijing, PRC

Corporate Information

Principal Place of Business in Hong Kong
8th Floor, Gloucester Tower, The Landmark
15 Queen's Road Central, Hong Kong

Website Address
www.chinalco-cmc.com

Stock Code
3668

Principal Share Registrar and Transfer Office
Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square
Grand Cayman, KY1-1102, Cayman Islands

Hong Kong Share Registrar
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queens' Road East
Wanchai
Hong Kong

Compliance Advisor
Somerley Capital Limited

Legal Advisors
Slaughter and May
47th Floor, Jardine House
One Connaught Place
Central, Hong Kong

Auditor
Ernst & Young
Certified Public Accountants
22/F, CITIC Tower, 1 Tim Mei Avenue
Central, Hong Kong

Principal Bankers
The Export-Import Bank of China
China Development Bank
Banco Bilbao Vizcaya Argentaria S.A.
Standard Chartered Bank
Banco de Crédito del Perú

Financial Highlights

The Group's summary of published results for the six-month periods ended 30 June 2014 and 30 June 2013 and the assets, liabilities and equity as at 30 June 2014 and 31 December 2013 is set forth as follows:

Results

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Other gains/(losses), net	**(1,072)**	1,420
General and administrative expenses	**(8,808)**	(15,139)
Finance income/(expenses), net	**(1,144)**	4,593
Share of loss of a joint venture	**(1,436)**	–
Income tax benefit	**6,367**	1,160
Loss for the period	**(6,093)**	(7,966)
Other comprehensive loss for the period, net of tax	**(121)**	(4,564)
Total comprehensive loss for the period	**(6,214)**	(12,530)
Loss per share for the period attributable to the equity holders of the Company (expressed in US$ per share)	**(0.0005)**	(0.0007)

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 June 2014.

Assets, Liabilities and Equity

	30 June 2014	31 December 2013
	US$'000	US$'000
	(Unaudited)	(Audited)
Non-current assets	**4,239,547**	4,045,070
Current assets	**414,060**	246,354
Non-current liabilities	**2,764,419**	2,784,199
Current liabilities	**1,172,983**	784,806
Total equity	**716,205**	722,419

Management Discussion and Analysis

This Management Discussion and Analysis is prepared as of 28 August 2014. It should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto of the Group for the six months ended 30 June 2014.

"Chinalco" refers to Aluminum Corporation of China, the controlling shareholder of the Company. The "Group" refers to the Company and its subsidiaries. "Chinalco Peru" refers to Minera Chinalco Peru S.A., a wholly- owned subsidiary of the Company. The "Prospectus" refers to the prospectus of the Company dated 18 January 2013 in respect of the global offering of its shares. The "PRC" or "China" refers to the People's Republic of China excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan. "Peru" refers to the Republic of Peru. The "Toromocho Project" refers to a porphyry copper, potentially open pittable, mineral deposit situated in Morococha district in central Peru and is approximately 140 kilometers east of Lima. "JORC" refers to Australasian Joint Ore Reserves Committee. The "Director(s)" refers to director(s) of the Company. The "Board" refers to the board of Directors of the Company.

Business Review

The Company is a resource development company acting as Chinalco's core platform for the future acquisition, investment, development and operation of non-ferrous and non-aluminum mineral resources and projects outside China. The Group has been focusing on developing and operating the Toromocho Project, currently the Group's only mining asset, which is expected to be the source of substantially all of the Group's revenue and cash flows for the foreseeable future. The commissioning of the Toromocho Project commenced on 10 December 2013 and the Project has been conducting trial production since then.

The Company also aims to become a leading and diversified mineral resources group focusing on non-ferrous and non-aluminum mining projects outside China mainly through engaging in strategic and selective acquisitions, optimizing operation and production capacities and further exploring potential mineral reserves.

About the Toromocho Project

The Toromocho Project is located in central Peru at the core of the Morococha mining district. As disclosed in the Prospectus, the Toromocho Project will consist of an open pit mining operation with daily ore processing capacity estimated to reach approximately 117,200 tonnes and a strip ratio estimated to reach 0.79:1. The Group plans to employ a semi-autogenous grinding mill/ball mill/flotation processing plant that is standard for the industry, with a designed average daily production capacity of 1,838 tonnes of 26.5% copper concentrates over the 36-year life of the mill and a separate molybdenum hydrometallurgical plant with a designed average daily production capacity of 25.1 tonnes of molybdenum per day over the life of the mill. Based on the planned production capacities described above, the Toromocho Project has an estimated mine life of 32 years and an estimated production life of 36 years.

On 17 June 2013, the Company announced that the Board had approved the proposed expansion of the Toromocho Project (the "Proposed Expansion") in order to optimise and increase the capacity of the Toromocho Project, subject to any amendments and finalisation of details and any shareholders' approval as may be required under applicable law or the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Subject to the finalisation and implementation of the Proposed Expansion as contained in its feasibility study, the Company expects the increased production resulting from the Proposed Expansion to commence in around the third quarter of 2016. The life of the mine in respect of the Proposed Expansion is currently expected to be approximately 26 years.

The commissioning of the Toromocho Project commenced on 10 December 2013. Commissioning in the grinding area has progressed behind the planning schedule, and the actual efficiency of grinding has not been maximized yet. Chinalco Peru will further facilitate commissioning of the grinding equipments in October and the Toromocho Project is expected to reach full production capacity in the fourth quarter of the year 2014. This may result in a decrease in the estimated copper production volume for the year 2014 from 100,000 tonnes, as disclosed in the announcement of the Company dated 17 June 2014 in relation to update on the development of the Toromocho Project, to 80,000 to 85,000 tonnes, based on the current operation of Toromocho Project and the information currently known to the Company.

Reserves

According to the technical report prepared by Behre Dolbear Asia, Inc. dated November 2012 (the "Competent Person's Report") as disclosed in the Prospectus, the proved and probable JORC-compliant reserves of the Toromocho Project deposit are estimated to contain approximately 7.3 million tonnes of copper, 290,000 tonnes of molybdenum and 10,500 tonnes of silver.

Rock Breaker

SAG Mill & Conveyor

Tailings Thickeners

The following tables summarise the estimated ore reserves and mineral resources in respect of the Toromocho Project as at 30 June 2014.

JORC Ore Reserve Category	Tonnes (millions)	Grade Copper (%)	Grade Molybdenum (%)	Grade Silver (grams/tonne)	Metal Content Copper (million tonnes)	Metal Content Molybdenum (tonnes)	Metal Content Silver (tonnes)
Proved	756	0.51	0.02	6.39	3.9	150,000	4,800
Probable	784	0.434	0.018	7.31	3.4	140,000	5,700
Total	1,540	0.471	0.019	6.86	7.3	290,000	10,500

JORC Measured and Indicated Mineral Resources Category	Tonnes (millions)	Grade Copper (%)	Grade Molybdenum (%)	Grade Silver (grams/tonne)	Metal Content Copper (million tonnes)	Metal Content Molybdenum (tonnes)	Metal Content Silver (tonnes)
Measured	156	0.41	0.014	6.20	0.6	22,000	1,000
Indicated	364	0.36	0.012	6.06	1.3	44,000	2,200
Total	520	0.37	0.013	6.10	1.9	66,000	3,200

JORC Inferred Mineral Resources Category (Note)	Tonnes (millions)	Grade Copper (%)	Grade Molybdenum (%)	Grade Silver (grams/tonne)	Metal Content Copper (million tonnes)	Metal Content Molybdenum (tonnes)	Metal Content Silver (tonnes)
Inferred	174	0.460	0.015	11.54	0.8	26,000	2,000

Source: Independent Mining Consultants, Inc.

As of 28 August 2014, the Company believes there has been no material change to its resources and reserves since the Listing Date.

Mining Concessions and Superficial Land Rights

Toromocho Project consists of a total of 67 key mining concessions, with registered superficial land rights covering 6,702.8 hectares. Sixty-six of the 67 key mining concessions are wholly owned by members of the Group, whereas one of the mining concessions is owned by Sociedad Minera de Responsabilidad Limitada Juanita de Huancayo ("Juanita"), in which the Group holds a 50% equity interest. Chinalco Peru has signed a memorandum of understanding with Volcan Compania Minera S.A. ("Volcan") to acquire Volcan's remaining 50% equity interest in Juanita. Upon completion of the above acquisition, Juanita will become a wholly-owned subsidiary of the Company.

The Group currently plans to prioritize the mining of 58 mining concessions, as provided in the Mining Plan approved by means of a Resolution of the General Bureau of Mining of the Ministry of Energy and Mines (MEM) dated 27 March 2013.

Products

Upon commencement of production at the Toromocho Project, the Group's principal products will be copper concentrates (with silver content as credit) and molybdenum oxide as by-product.

Infrastructure

- **Central highway**

  Access to the Toromocho Project is by either the paved central highway or the central railway, which both connect the Morococha mining district to Lima. The center of the Toromocho Project deposit is approximately 2.5 kilometers ("km") from the town of Morococha. Lima is approximately 142 km away from the Toromocho project through the central highway.

- **Railway**

  A railway line from Callao port to the project is 172 km. Copper concentrates and molybdenum oxide will be transported from the site to the port of Callao via the existing railway. The delivery of consumables such as diesel fuel, mill balls and reagents to the Toromocho Project site will be by way of railway. Given that the annual transportation capacity of the existing railway is 4 million tonnes and the current railway usage is approximately 1.5 million tonnes per annum, the remaining transportation capacity of the railway will be sufficient to deliver the products of Toromocho Project to the Callao port.

- **Warehouse and Callao port**

  In September 2010, Chinalco Peru invested in the newly incorporated Transportadora Callao S.A. ("Transportadora Callao") and acquired 7% of the equity interest in Transportadora Callao. Transportadora Callao is authorized to operate a dock specifically used for concentrates transportation. The dock has a capacity to process approximately 3 million tonnes of cargo per annum. The specialized dock will contain a conveyor belt to load the mineral concentrates onto ships from various points at the Callao port. In the port area, a newly built warehouse with total area of 11,000 square meters is for Chinalco Peru's exclusive use and it is fully sealed preventing the material from flowing outside the building. The operation in the Callao Port starts when the rail wagons arrive from the mine and they are unloaded with a rotary dumper system and the concentrates are transported by conveyor belt to the warehouse where the piles are formed. The commissioning of all the system of Callao port has been completed and this system started to operate at the end of June 2014.

- **Water**

  The total water demand of the Toromocho Project on average per year is approximately 8.65 million cubic meters. Sufficient water for the operation of the Toromocho Project has been assured through the construction of the Kingsmill Tunnel Water Treatment Plant ("KTWTP") by Chinalco Peru for drainage of the rock acid water that was previously discharged directly to a local river without treatment. The discharged water from the tunnel is drained through the KTWTP where it is treated to reduce acidity and metal content. The KTWTP has been in operation since August 2010.

  The Kingsmill Tunnel is expected to provide sufficient water to support the operation of the Toromocho Project, with an estimated flow rate of approximately 3,500 cubic meters per hour, and the maximum designed feed rate of the KTWTP is approximately 5,000 cubic meters per hour. The treated water will be pumped to the raw water pump station, and then to the raw water pond. The pond will be located in the concentrator area to provide the processed water for the concentrator and the fire-fighting system.

Concentrate Unloading

Warehouse in Callao

- **Power**

  The expected power consumption of Toromocho Project is 165 MW and power supply is from 220 kV Pomacocha Substation which is a part of the National Grid. This substation was recently upgraded with 220 kV double busbar and has enough capacity to supply electricity to the Toromocho Project. Chinalco Peru has entered into a contract with Edegel S.A.A., a power generation company, under which the electricity would be supplied by Pomacocha Substation. Meanwhile the power transmission from Pomacocha to Toromocho is carried out by Pomacocha Power S.A.C., a transmission company, via a 220 kV transmission line with double circuit to assure high reliability of the power supply at Toromocho main substation. The capacity of the transmission line is 240 MW and hence there is enough capacity for Toromocho Project including for future expansion.

  The Toromocho Project's main substation consists of three 220/23 kV power transformers which are 75MVA, 100MVA (each has 75MVA to 100MVA capacity) and 110 MVA respectively. As any two of these transformers could supply all electricity required, the capacity of power is highly ensured. Therefore there is a redundancy which ensures the power supply at 23 kV busbar, where gas-insulated switchgear is used for the distribution systems for the mine and concentrator plant, including the sag semi-autogenous grinding mill and ball mills. Harmonic Filters are also connected to this 23 kV busbar to ensure that the power is not only suitable for the Toromocho Project and also in line with the relevant Peruvian standards.

  The most important milestones that enabled the construction of the power lines were the approval of Environmental Impact Study in March 2013, and the authorization of the Yauli community in July 2013. Therefore on 15 October 2013 electric power supply was completed and the main substation was energized to start the mine operations and the commissioning of the concentrator plant.

The Development & Operation of the Toromocho Project

Main constructions

100% of the engineering, procurement and construction of the copper concentrator of the Toromocho Project have been completed. 100% of the construction of the molybdenum hydrometallurgy plant has also been completed. The commissioning of the Toromocho Project commenced from 10 December 2013. The molybdenum hydrometallurgy plant will start commissioning in the fourth quarter of this year.

Commissioning and ramp-up

The commissioning of the Toromocho Project commenced on 10 December 2013. Commissioning in the grinding area has progressed behind the planning schedule, and the actual efficiency of grinding has not been maximized yet. Chinalco Peru will further facilitate commissioning of the grinding equipments in October and the Toromocho Project is expected to reach full production capacity in the fourth quarter of the year 2014. The Company has evaluated that the delay of ramping up to full production capacity of Toromocho Project may result in a decrease in the estimates of production volume for the year 2014. Based on the current operation of the Toromocho Project and information available to the Company, the Company has further adjusted its estimate of the copper concentrates production for the year 2014 to approximately 340,000 tonnes, with approximately 80,000 to 85,000 tonnes of copper contained, which are both 20% respectively lower than the estimates of the Company disclosed in the announcement of the Company dated 17 June 2014 in relation to update on the development of the Toromocho Project.

Notwithstanding the above, the Company currently estimates that the long term production of the Toromocho Project will not be materially affected.

- **Mine**

  During the first quarter of 2014, Chinalco Peru has finished the commissioning of the main equipment of the mine, including two shovels and three drillers. The training for the working staffs in the mine area has also been conducted in the first quarter of 2014. The mining ramp-up has been on schedule and in line with the plan. The mining has reached the full capacity since May 2014. Currently the daily movement of the materials is approximately 240,000 tonnes.

- **Processing plant**

  The processing plant began commissioning in December 2013. As at the date of this Management Discussion and Analysis, the plant has not reached the full capacity due to the problem in the grinding area. Chinalco Peru is taking actions to further facilitate commissioning to improve the efficiency of the ball mills and semi-autogenous grinding mill. The Company expects the full production capacity will be reached in the fourth quarter of 2014.

Conveyor & Lime Silo

Copper Flotation

Blowers Moly Flotation

- **Maintenance**

  With up to 400 technical and craft personnel working at the site of Toromocho Project, a maintenance team of Chinalco Peru is supporting the operations in mine, processing plant and utility plant.

  Chinalco Peru has conducted a maintaining program with series of protocols and measures to strengthen the management and improve the efficiency in the following areas, aiming to reduce the material consumption, control costs, assure safety and optimize the production:

  - Maintenance integrity procedures, practices, and systems
  - Planning and scheduling – for work process control
  - Maintenance material management – Maintenance, repair and operations ("MRO")
  - Reliability engineering
  - Contractor management
  - Health, safety, and environmental requirements
  - Systematic failure elimination
  - Turnarounds shutdowns and outages

  The maintaining program will assist the mine and processing plant ramp up to their full capacity as scheduled.

Pebble Crusher

Filtering Area

Management Discussion and Analysis

Expansion Plan

On 17 June 2013, the Company announced that the Board had approved the Proposed Expansion in order to optimize and increase the capacity of the Toromocho Project, subject to any amendments and finalisation of details and any shareholders' approval as may be required under applicable law or the Listing Rules. The Proposed Expansion will be carried out at the Toromocho mine which forms the basis of the Toromocho Project. The total capital expenditure for the Proposed Expansion is expected to be approximately US$1.32 billion. The construction of the Proposed Expansion is currently expected to be substantially completed by the second quarter of 2016. The Proposed Expansion is expected to be financed (i) from the Group's internal working capital, (ii) by re-allocating the proceeds from its initial public offering (the "IPO") originally intended for the acquisitions of suitable non-ferrous and non-aluminum mining projects to the extent required for the Proposed Expansion, and (iii) debt financing (including but not limited to bank loans).

Ancillary projects

Kingsmill Water Treatment Plant

Kingsmill water treatment plant is in normal operation.

The commissioning of Kingsmill water supply system had been finished at the end of 2013 and starts to pump the make-up water for the plant.

Power supply

On 15 October 2013, the construction of the 220 kV power supply system was completed successfully. The 23 kV main substation was energized to commence the mine operations and the commissioning of the concentrator plant. So far the power supply system has been operating satisfactorily up to the designated requirements.

Lime Plant

Up to date, 99% of the engineering, 87% of the procurement and 34% of the construction of the Lime Plant have been completed. The major work completed includes the construction of the concrete mixing station, the construction of foundations for the transfer and crusher, piling works and part of earthwork. All the construction of the Lime Plant is estimated to be completed in May 2015 and the commissioning is estimated to start in the third quarter of 2015.

Transportadora Callao

In September 2010, Chinalco Peru invested in the newly incorporated Transportadora Callao S.A. and acquired 7% of the equity interest in this company. Transportadora Callao is authorized to operate a dock which is exclusively used for mineral concentrates transportation. The dock has a process capacity of approximately 3 million tonnes per year. The specialized dock includes a conveyor belt to load the mineral concentrates onto ships at the rate of 1,600 tonnes per hour. The total length of this conveyor belt is 3.5 kilometers and it is fully sealed to avoid any external exposure. The Commissioning of all the system of Callao port has been completed and this system started to operate at the end of June 2014.

Resettlements

On 20 September 2013, the Peruvian Congress approved a law changing the capital city of the District of Morococha from the old town to the town newly built by Chinalco Peru. Resettlement of the affected residents in the Morococha old town started in November 2012, prior to which there were approximately 3,200 residents in the Morococha old town. More than 92% of the residents have moved to the new city as at 28 August 2014. The whole resettlement is expected to be completed by the end of 2015.

Industry Review

During the first half of 2014, the Indonesian concentrate export ban, a high level of impurities in the customs concentrates market as well as a series of maintenance closures and production disruptions at global smelters all contributed to lower refined production. Smelting/refining capacity continues to remain the bottleneck in the copper market. While demand continues to grow in Europe, it has been soft throughout this year in the United States (the "US"). But strong Chinese imports of refined copper in the first half of 2014 have considerably tightened the market in the rest of the world.

In the second half of 2014, mine supply is expected to move into a period of sustained growth as Grasberg resumes full output and projects start to deliver. On the refined side, the production will be more heavily weighted towards the second half of the year, fuelled by the start-ups of new smelting capacity in China. On the demand side, copper use is entering the slow summer season with spot physical premiums in Shanghai, Europe and the US decreasing and actually trading below annual contract levels in Shanghai and Europe. For the whole year, it expects to have a rather balanced global market.

Financial Review

Revenue and cost of sales

Although the Group announced the commencement of the commissioning of Toromocho Project in December 2013, the Group has not commenced commercial production. Therefore, no revenue has been generated and no cost of sales has been recorded.

General and administrative expenses

The Group's general and administrative expenses were approximately US$8.8 million for the six months ended 30 June 2014, as compared to approximately US$15.1 million for the six months ended 30 June 2013. The decrease was primarily due to the fact that there was no listing expenses incurred in 2014 as it in 2013, and there was a decrease in professional fees for consultants that the Group hired in connection with the development of the Toromocho Project.

Finance expenses, net

The Group's net finance expenses increased by approximately US$5.7 million, from approximately US$4.6 million income for the six months ended 30 June 2013 to approximately US$1.1 million expenses for the six months ended 30 June 2014, primarily due to a decrease of net foreign exchange gain, from approximately US$5.5 million for the six months ended 30 June 2013 to approximately US$0.2 million for the six months ended 30 June 2014.

Loss before income tax
As a result of the foregoing, the Group's loss before income tax increased from approximately US$9.1 million for the six months ended 30 June 2013 to approximately US$12.5 million for the six months ended 30 June 2014.

Income tax benefit
The Group's income tax benefit increased from approximately US$1.2 million for the six months ended 30 June 2013 to approximately US$6.4 million for the six months ended 30 June 2014. The increase was primarily due to the addition of tax benefit calculated at the tax rates applicable to losses recognized in previous years, which amounted to approximately US$3.7 million.

Loss attributable to the equity holders of the Company
As a result of the foregoing, the loss attributable to the equity holders of the Company decreased from approximately US$8.0 million for the six months ended 30 June 2013 to approximately US$6.1 million for the six months ended 30 June 2014.

Liquidity and financial resources
The principal sources of cash have been borrowings from banks including the following:

- US$2 billion facility and US$419 million credit facility from The Export-import Bank of China ("Eximbank") (December 2010 and March 2013);
- US$83 million, US$35 million, US$12 million, US$9 million and US$118 million credit facilities from China Development Bank ("CDB") (September and December 2012, June and November 2013 and May 2014);
- US$81 million one year credit facilities from CDB (November 2013), which has been repaid in May 2014;
- US$100 million one year revolving loan facility and US$200 million one year term loan facility from Banco Bilbao Vizcaya Argentaria, S.A., Hong Kong ("BBVA") (October and December 2013).
- US$200 million one year revolving loan facility from Standard Chartered Bank (Taiwan) Limited and Standard Chatered Bank, Offshore Banking Unit (January 2014).

The borrowings from the banks mentioned above all carry interest at floating rate. As of 30 June 2014, the Group had cash and cash equivalents of approximately US$113.8 million. The Group uses bank and cash balances to finance working capital and part of its capital expenditure for its continuing growth and expansion plans. The Group determines the appropriate amount of cash to maintain on-hand by forecasting the Group's future working capital and capital expenditure needs. The Group also aims to maintain a certain level of extra cash to meet unexpected circumstances and to use in relation to business expansion opportunities as they arise.

Operating activities

Net cash used in operating activities for the six months ended 30 June 2014 was approximately US$98.9 million, which was primarily attributable to the increase in working capital. The Group has announced commencement of the commissioning of the Toromocho Project at the end of 2013, but it had not reached the full capacity as of 30 June 2014. Hence, the net cash flows generated from operating activities were still negative.

Investing activities

Net cash used in investing activities in the six months ended 30 June 2014 was approximately US$337.4 million, which was primarily attributable to the Group's purchases of property, plant and equipment of approximately US$342.4 million, which we used for construction activities and purchase of fixed assets.

Financing activities

Net cash generated from financing activities in the six months ended 30 June 2014 was approximately US$427 million, which was mainly consisted of the proceeds from the Group's loans with its immediate holding company (US$190 million), CDB (US$118 million) and Standard Chartered Bank (Hong Kong) Limited ("SCB") (US$200 million), and the repayment of the loan with CDB of US$81 million.

Capital expenditure

The total capital and operating expenditure for the development of current project and the Project Expansion estimated and incurred as of 30 June 2014 are as follows:

(a) Set forth below is the Company's estimated total capital expenditure of current project based on the Competent Person's Report and the expenditure incurred as of 31 December 2013 and 30 June 2014:

	Competent Person's Report	Costs incurred as of 30 June, 2014 (US$ in millions)	Costs incurred as of 31 December, 2013 (US$ in millions)
Current Project			
Mining	303.50	314.79	282.92
Process Plant and Infrastructure	1,871.90	1,960.54	1,856.68
Owner's Cost and Working Capital	704.20	693.65	674.18
Additional Projects	622.60	500.77	479.35
Total	3,502.20	3,469.75	3,293.12

Notes:

(i) The Capex of Mining over run the budget due to the delay of power supply in 2013.

(ii) The Capex of Process Plant and Infrastructure runs over the estimation which was due to the delay of electricity power supply and the delay of completion of the construction of the Moly Hydromet Plant.

(iii) Owner's cost and working capital consists of costs associated with force majeure events, project insurance, social outreach, contract services, licenses and royalties, financial costs, taxes, exchange rate fluctuations, commissioning and pre-operational costs and acquisitions of property.

(iv) Additional projects consist of the costs incurred in relation to the lime processing plant, Kingsmill Tunnel water treatment plant, double circuit overhead transmission line, central highway relocation, investment in the Callao port, acquisition of certain mining concessions from Pan American Silver with the relevant financing interest, new town construction and resettlement. So far the lime plant is still in construction and the central highway relocation is pending the Peruvian government approval to start.

(b) Set forth below is the Company's estimated total capital expenditure based on the Feasibility Study Report and the expenditure incurred for the Proposed Expansion as of 31 December 2013 and 30 June 2014:

	Feasibility Study Report	**Costs incurred as of 30 June, 2014** (US$ in millions)	**Costs incurred as of 31 December, 2013** (US$ in millions)
Project Expansion			
Mining	115.19	–	–
Process Plant and Infrastructure	1,061.18	395.68	366.71
Owner's Cost	142.33	1.26	–
Total	1,318.70	396.94	366.71

(c) Other than the capital expenditure described above, there was an amount of US$18.95 million sustaining capital expenditure incurred during the six months ended 30 June 2014 which was mainly the expenditure for the sustaining construction of the tailing dam and the procurement of its relating equipments.

Capital structure

During the six months ended 30 June 2014, the Group's funding primarily came from bank loans and borrowings from immediate holding company.

Gearing ratio

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. The gearing ratio of the Group as of 30 June 2014 is as follows:

	As at 30 June 2014 US$'000	As at 31 December 2013 US$'000
Total borrowings	**3,501,117**	3,070,808
Less: cash and cash equivalents	**(113,782)**	(122,916)
Net debt	**3,387,335**	2,947,892
Total equity	**716,205**	722,419
Total capital	**4,103,540**	3,670,311
Gearing ratio	**83%**	80%

The increase in the gearing ratio during the six months ended 30 June 2014 was primarily due to the increase of the group's bank loans and other borrowings.

Significant Investments

Save as disclosed in this Interim Report regarding the development of the Toromocho Project and its ancillary projects, the Company has not made any significant investments during the six months ended 30 June 2014.

Future Plans for Material Investments or Capital Assets

The Company plans to make further investment into the Toromocho Project in accordance with its development as disclosed in this Interim Report. The investment will be funded by bank loans and borrowings from holding company.

Employee and remuneration policy

As of 30 June 2014, the Group had 1,287 employees in total (31 December 2013: 1,055).

For the six-month period ended 30 June 2014, wages, salaries and allowance for employees of the Group were approximately US$28,643,000 (for the six-month period ended 30 June 2013: approximately US$17,224,000). The increase was mainly attributed to the planned hiring according to the operation cycle of the Toromocho Project and the hiring in the second half of 2013.

The Group's remuneration policy is designed to attract, retain and motivate highly talented individuals, to ensure the capability of the Group's workforce to carry out the business strategy of the Company and to maximize shareholder wealth creation.

Benefit schemes are maintained for employees as required by the laws in Peru and China.

Moreover, under Peruvian labour law, our Peruvian subsidiaries with more than 20 employees are required to distribute 8% of their profits generated in any year among their employees.

In addition, the Group has proposed to adopt an equity incentive plan designed to attract, retain and incentivize senior management and key employees with a view to encouraging the participants to commit to enhancing value for us and our shareholders, as a whole.

Foreign exchange risk

The Group mainly operates in Peru with most of its transactions, which are mainly related to the acquisition of services and loans received from related parties, denominated and settled in US dollars. The wages of most employees and part of the raw materials procurement of the Group are denominated and settled in New Peruvian Soles.

Accordingly, the Group is exposed to foreign exchange risk that may arise from fluctuations in the New Peruvian Soles to US dollar exchange rate. Our Directors estimate that the impact of any changes in the New Peruvian Soles to US dollar exchange rate will not have a significant impact on our financial condition and results. As a result, the Group does not maintain a hedging policy against the Group's foreign exchange risk. Although the Group maintains a net liability position expressed in New Peruvian Soles that, in its appreciation trend, may have a negative impact upon liquidation of these monetary assets and liabilities, public estimates available do not anticipate a severe devaluation of US dollars in the short term that may cause a major impact on the Group's financial condition and results of operation.

The Group also has limited equipment procurement denominated and settled in Euros.

During the six months ended 30 June 2014, the Group has not used any financial instrument to hedge its foreign exchange risk.

Contingent liabilities

The Group has contingent liabilities in respect of legal claims and administrative procedures arising in the ordinary course of business. However, the Group believes it has made adequate provision for these contingent liabilities, and it is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for. For the six months ended 30 June 2014, there was no additional provision made by the Group in respect of legal claims.

Off-balance sheet arrangement

The Group has not entered into, nor does it expect to enter into, any off-balance sheet arrangements. The Group also has not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, the Group has not entered into any derivative contracts that are indexed to its equity interests and classified as owners' equity. Furthermore, the Group does not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. The Group does not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to it or that engages in leasing, hedging or research and development services with it.

Event after balance sheet date

Saved as disclosed in Note 2 to the unaudited interim condensed consolidated financial statements, there are no important events affecting the Company and its subsidiaries which have occurred since 30 June 2014.

Prospects

The Company has not carried out any additional exploration at the Toromocho Project in 2014 as it has been focusing on the commissioning of the Toromocho Project.

The Company will continue its endeavors with optimizing the development and operation of the Toromocho Project to ensure that it will reach full production capacity in the fourth quarter of 2014 as well as the steady implementation of the Proposed Expansion so as to achieve satisfactory business results and reward the shareholders of the Company.

Corporate Governance / Other information

Compliance with Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. Except as disclosed below, for the six-month period ended 30 June 2014, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules.

Under code provision A.6.7 of the CG Code, all non-executive Directors are recommended to attend general meetings of the Company. All non-executive Directors of the Company (including independent non-executive Directors) attended the annual general meeting of the Company held on 18 June 2014 (the "AGM"), other than Dr. Xiong Weiping, Dr. Liu Caiming and Mr. Ronald Ashley Hall who were absent from the AGM due to pre-arranged business commitments.

Under provision E.1.2 of the CG Code, the chairman of the Board is recommended to attend annual general meetings of the Company. Dr. Xiong Weiping, being the chairman of the Board, was absent from the AGM due to a pre-arranged business commitment.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive of the Company should be performed by separate individuals, but due to Dr. Zhang Chengzhong's background, qualifications and experience at the Company, he was considered the most suitable person to take both roles in the current circumstances. The Board was of the view that it is appropriate and in the best interests of the Company that Dr. Zhang Chengzhong holds both positions at the current stage, as it helps to maintain the continuity of the policies and the stability and efficiency of the operations of the Company. The Board also meets regularly on a quarterly basis to review the operations of the Company led by Dr. Zhang Chengzhong. Accordingly, the Board believes that this arrangement will not impact on the balance of power and authorizations between the Board and the management of the Company.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company has made specific enquiry to all Directors, and all Directors have confirmed that, for the six-month period ended 30 June 2014, they were in compliance with the required standard as set out in the Model Code.

Changes to Members of Board of the Company and Subsidiaries and Board Committees

During the period ended 30 June 2014, and up to the date of this Interim Report, the changes of members of Board of the Company and subsidiaries and Board committees of the Company are set out below:

Dr. Xiong Weiping	Resigned as a non-executive Director and ceased to be the Chairman of the Board, chairman of each of the Nomination Committee and the Executive Committee, and a member of each of the Remuneration Committee and the Audit Committee on 28 August 2014
Dr. Liu Caiming	Resigned as a non-executive Director and ceased to be a member of each of the Audit Committee and the Executive Committee on 28 August 2014
Dr. Peng Huaisheng	Resigned as the Chief Executive Officer and an executive Director and ceased to be a member of the Executive Committee and chairman of the Technical Committee on 12 August 2014 and ceased to be a director and chairman of the board of directors of Chinalco Peru on 29 August 2014
Dr. Zhang Chengzhong	Re-designated as an executive Director and appointed as the Chief Executive Officer on 12 August 2014, and further appointed as the Chairman of the Board and chairman of each of the Nomination Committee, the Executive Committee and the Strategic Investment Committee on 28 August 2014, and a director and chairman of the board of directors of Chinalco Peru on 30 August 2014
Dr. Li Bohan	Appointed as a non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Executive Committee on 28 August 2014
Mr. Liu Hongjun	Appointed as a non-executive Director and a member of each of the Audit Committee, the Executive Committee and the Strategic Investment Committee on 28 August 2014
Dr. Wang Dongbo	Appointed as a non-executive Director and a member of each of the Executive Committee and the Strategic Investment Committee on 28 August 2014
Ms. Liang Yunxing	Appointed as a member of the Remuneration Committee on 28 August 2014

On 28 August 2014, the Board also resolved to re-organise the Board committees by replacing the Technical Committee which ceased to function, with the establishment of the Strategic Investment Committee. Dr. Zhang Chengzhong has been appointed as the chairman of the Strategic Investment Committee and Mr. Liu Hongjun, Dr. Wang Dongbo, Mr. Huang Shanfu, Mr. Scott McKee Hand and Mr. Ronald Ashley Hall have been appointed as members of the Strategic Investment Committee.

Save as mentioned above, the composition of the Board, the Audit Committee, the Nomination Committee, the Remuneration Committee, the Executive Committee of the Company remain the same as set out in the 2013 Annual Report.

Changes to Information in Respect of Directors

Save as disclosed in this Interim Report, there is no change of information of each Director that is required to be disclosed under Rule 13.51B(1) of the Listing Rules since the publication of the Company's annual report for the year ended 31 December 2013 and its announcement in relation to change in directors dated 12 August 2014 and 28 August 2014.

Interim Dividend

The Board does not recommend any interim dividend for the six-month period ended 30 June 2014.

Review of Financial Statements

The Audit Committee has reviewed together with management the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2014. The Audit Committee has also reviewed the effectiveness of the internal control system of the Company and considers the internal control system to be effective and adequate.

Purchase, Sale or Redemption by the Company

There was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries during the six-month period ended 30 June 2014.

Use of Net Proceeds from Listing

The net proceeds from the Listing (the "Proceeds") (including those Shares issued pursuant to the partial exercise of the over-allotment option), after deducting underwriting fees and related expenses, amounted to approximately US$394 million, which sum was originally intended to be applied in the manner disclosed in the Prospectus. As disclosed in the Prospectus, the Company intended to use approximately 30% of the Proceeds to pursue selective acquisitions of suitable non-ferrous and non-aluminum mining projects and development of such acquired projects. In light of the Company's decision to implement the Proposed Expansion (subject to any amendments and finalization of the details and the availability of funds) and due to the fact that there was no suitable acquisition that the Board had decided upon, the Board resolved on 17 June 2013 to re-allocate the above 30% of the Proceeds from the initial intended use for the acquisitions of suitable non-ferrous and non-aluminum mining projects to the Proposed Expansion. Details of the change in use of the Proceeds are set out in the Company's announcement dated 17 June 2013. Except for the re-allocation of 30% of the Proceeds as described above, there were no other changes to the intended use of Proceeds as disclosed in the Prospectus.

As at the date of this Interim Report, part of the Proceeds have been applied as follows:

(i) the Company repaid US$103 million of the borrowings from Aluminum Corporation of China Overseas Holdings Limited on 28 February 2013;

(ii) the Group had disbursed approximately US$120 million for the development of the Toromocho Project;

(iii) the Group has disbursed approximately US$120 million for the expansion of the Toromocho Project; and

(iv) approximately US$40 million has been used for supporting the Group's working capital requirement.

Directors' and Chief Executive Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2014, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests and short positions in the shares, underlying shares and debentures of the Company:

Long positions

Name of director	Capacity/ Nature of interest	Number of shares held	Approximate percentage shareholding
Ms. Liang Yunxing	Beneficial owner	100,000	0.000846%

(ii) Interests and short positions in the shares, underlying shares and debentures of the associated corporation of the Company:

Long positions in the shares and underlying shares in Aluminum Corporation of China Limited

Name of director	Capacity/ Nature of interest	Number of H shares held	Approximate percentage shareholding
Ms. Liang Yunxing	Beneficial owner	10,000	0.000253%

Save as disclosed above, as at 30 June 2014, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

No rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the reporting period.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2014, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/ Nature of Interest	Number of Shares held	Approximate percentage of shareholding
Chinalco (Note)	Interest in a controlled corporation	10,001,171,428.58	84.63%
Aluminum Corporation of China Overseas Holdings Limited ("COH") (Note)	Beneficial owner	10,001,171,428.58	84.63%

Note: COH is a wholly-owned subsidiary of Chinalco. By virtue of the SFO, Chinalco was deemed to be interested in the 10,001,171,428.58 shares of the Company held by COH.

Other than as disclosed above, as at 30 June 2014, the Directors have not been notified by any person (not being the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

Report on Review of Interim Financial Information

To the Board of Directors of Chinalco Mining Corporation International
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the accompanying interim financial information set out on pages 28 to 52, which comprise the condensed consolidated statement of financial position of Chinalco Mining Corporation International (the "Company") and its subsidiaries (together the "Group") as at 30 June 2014 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue,
Central, Hong Kong
28 August 2014

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2014

	Note	30 June 2014 US$'000	31 December 2013 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**4,028,898**	3,814,043
Intangible assets		**636**	1,255
Investment in a joint venture		**2,165**	3,598
Deferred tax assets		**34,147**	27,742
Value-added tax recoverable	7	**161,097**	183,945
Prepayments and other receivables	9	**3,047**	3,047
Restricted cash		**9,557**	11,440
		4,239,547	4,045,070
Current assets			
Inventories		**103,372**	62,610
Trade receivables	8	**48,029**	–
Prepayments and other receivables	9	**93,233**	37,578
Value-added tax recoverable	7	**55,644**	23,250
Cash and cash equivalents		**113,782**	122,916
		414,060	246,354
Total assets		**4,653,607**	4,291,424
EQUITY AND LIABILITIES			
Equity attributable to the Company's equity holders			
Share capital	10	**472,711**	472,711
Share premium	10	**327,267**	327,267
Reserve		**11,989**	12,110
Accumulated deficits		**(95,762)**	(89,669)
Total equity		**716,205**	722,419

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2014

	Note	30 June 2014 US$'000	31 December 2013 US$'000
LIABILITIES			
Non-current liabilities			
Loans and borrowings	12	**2,687,902**	2,689,808
Provision for remediation and restoration	11	**72,395**	90,200
Deferred income		**4,122**	4,191
		2,764,419	2,784,199
Current liabilities			
Loans and borrowings	12	**813,215**	381,000
Trade payables	13	**315,654**	361,317
Accruals and other payables		**41,688**	40,063
Amount due to immediate holding company		**2,426**	2,426
		1,172,983	784,806
Total liabilities		**3,937,402**	3,569,005
Total equity and liabilities		**4,653,607**	4,291,424
Net current liabilities		**(758,923)**	(538,452)
Total assets less current liabilities		**3,480,624**	3,506,618

Zhang Chengzhong
Director

Liang Yunxing
Director

The accompanying notes are an integral part of these financial statements.

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	Note	Six months ended 30 June 2014 US$'000	2013 US$'000
Revenue	14	**–**	–
Other gains/(losses), net		**(1,072)**	1,420
Operating costs			
General and administrative expenses	15	**(8,808)**	(15,139)
Operating loss		**(9,880)**	(13,719)
Finance income		**571**	5,827
Finance expenses		**(1,715)**	(1,234)
Finance income/(expenses), net		**(1,144)**	4,593
Share of loss of a joint venture		**(1,436)**	–
Loss before income tax		**(12,460)**	(9,126)
Income tax benefit	16	**6,367**	1,160
Loss for the period		**(6,093)**	(7,966)
Other comprehensive loss			
Items to be reclassified to profit or loss in subsequent periods:			
Currency translation difference		**(121)**	(4,564)
Other comprehensive loss for the period, net of tax		**(121)**	(4,564)
Total comprehensive loss for the period		**(6,214)**	(12,530)
Loss per share for the period attributable to the equity holders of the Company (expressed in US$ per share)			
Basic and diluted	17	**(0.0005)**	(0.0007)
Dividends			
Interim dividend declared	18	**–**	–

The accompanying notes are an integral part of these financial statements.

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Share capital US$'000	Share premium US$'000	Capital reserves US$'000	Currency translation differences US$'000	Accumulated deficits US$'000	Total US$'000
Balance at 1 January 2014	472,711	327,267	16,521	(4,411)	(89,669)	722,419
Comprehensive loss						
Loss for the period	**–**	**–**	**–**	**–**	**(6,093)**	**(6,093)**
Other comprehensive loss						
Currency translation differences	**–**	**–**	**–**	**(121)**	**–**	**(121)**
Total comprehensive loss	**–**	**–**	**–**	**(121)**	**(6,093)**	**(6,214)**
Balance at 30 June 2014	**472,711**	**327,267**	**16,521**	**(4,532)**	**(95,762)**	**716,205**
Balance at 1 January 2013	400,047	–	16,521	–	(58,605)	357,963
Comprehensive loss						
Loss for the period	–	–	–	–	(7,966)	(7,966)
Other comprehensive loss						
Currency translation differences	–	–	–	(4,564)	–	(4,564)
Total comprehensive loss	–	–	–	(4,564)	(7,966)	(12,530)
Transactions with owners						
Issuance of shares	72,664	329,048	–	–	–	401,712
Balance at 30 June 2013	472,711	329,048	16,521	(4,564)	(66,571)	747,145

The accompanying notes are an integral part of these financial statements.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
Cash flows from operating activities		
Loss before income tax	**(12,460)**	(9,126)
Adjustments for:		
Depreciation and amortization	**262**	375
Loss on disposal of property, plant and equipment	**39**	15
Finance expenses/(income), net	**1,144**	(4,593)
Share of loss of a joint venture	**1,436**	–
Changes in working capital:		
Inventories	**(40,762)**	(9,728)
Trade receivables	**(48,029)**	–
Prepayment and other receivables	**(1,994)**	(17,934)
Accruals and other payables	**2,325**	2,662
Deferred income	**(69)**	(71)
Income tax paid	**(825)**	(1,989)
Net cash used in operating activities	**(98,933)**	(40,389)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(342,358)**	(678,814)
Purchases of other assets	**(90)**	(98)
Finance cost capitalized	**(41,866)**	(32,050)
Investments in a joint venture	**–**	(385)
Value-added tax refunds received	**44,686**	101,498
Interest received	**382**	372
Increase in term deposits with initial terms over three months	**–**	(102,724)
Decrease in restricted cash	**1,883**	2,541
Net cash used in investing activities	**(337,363)**	(709,660)
Cash flows from financing activities		
Proceeds from loans and borrowings	**508,000**	432,000
Repayment of loans and borrowings	**(81,000)**	(100,000)
Proceeds from the issuance of shares	**–**	402,745
Listing expense paid pertaining to the issuance of shares	**–**	(964)
Net cash generated from financing activities	**427,000**	733,781
Effects of exchange rates on cash and cash equivalents	**162**	(987)
Net decrease in cash and cash equivalents	**(9,296)**	(16,268)
Cash and cash equivalents at beginning of the period	**122,916**	142,656
Cash and cash equivalents at end of the period	**113,782**	125,401

The accompanying notes are an integral part of these financial statements.

1. General Information

Chinalco Mining Corporation International (the "Company") was incorporated in the Cayman Islands on 24 April 2003 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its name was Peru Copper Syndicate, Ltd. on incorporation and changed to Chinalco Mining Corporation International on 30 September 2011. The Company's registered office is PO Box 309 Ugland House, Grand Cayman, KY 1-1104, Cayman Islands.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 31 January 2013.

The Company is a subsidiary of Aluminum Corporation of China Overseas Holdings Limited ("Chinalco Overseas"), a company incorporated in Hong Kong with limited liability. As at the date of these financial statements were approved, the directors of the Company regard Aluminum Corporation of China ("Chinalco"), a state-owned enterprise incorporated in the People's Republic of China (the "PRC") and administered by the State-owned Assets Supervision and Administration Commission ("SASAC") of the State Council (the "State Council") of the PRC, as its ultimate holding company.

The Company and its subsidiaries (together, the "Group") are principally engaged in exploration, development and production of ore resources and other mining related activities.

In May 2003, the Company's subsidiary, Minera Chinalco Peru S.A. ("MCP"), was awarded by the Peruvian government a right to develop and extract ore resource in the district of Morococha, Yauli Province, the Republic of Peru ("Peru") through a public bidding (the "Toromocho Mining Project"). In June 2003, the Company signed an assignment agreement pursuant to which the Company was entitled to exercise a purchase option of the mining concessions during a period which could be extended to June 2008. In May 2008, the Company exercised its right and signed with Activos Mineros (an entity incorporated by the Peruvian government), in the name of Peruvian Government, the Mining Concessions Transference Agreement of the Toromocho Mining Project (the "Assignment Agreement"). Under the Assignment Agreement, Activos Mineros transferred to the Company the title of certain mining concessions, their surface property, buildings and water usage right pertaining to the Toromocho Mining Project.

From August 2012 to February 2013, the Company entered into five binding off-take agreements with four cornerstone investors and one independent third party, pursuant to which the Company agreed to sell an aggregate of 70% of the annual production of copper concentrates from the Toromocho Mining Project for a period of five years starting from the first official production of the Toromocho Mining Project at a price determined by reference to certain benchmark market rates adjusted based on the grade of the copper concentrates, two of which will automatically continue for another five years (the "Off-take Agreements").

As at the date of these financial statements were approved, the Group's operations are substantially limited to construction and start-up activities of the Toromocho Mining Project. The Toromocho Mining Project started commissioning in December 2013 and has not commenced commercial production.

1. General Information *(Continued)*

The interim condensed consolidated financial statements are presented in US dollar ("US$"), unless otherwise stated.

The interim condensed consolidated financial statements have not been audited.

2. Basis of Preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board.

Going concern

As at 30 June 2014, the Group had net current liabilities of approximately US$759 million (31 December 2013: US$538 million) and accumulated deficits of approximately US$96 million (31 December 2013: US$90 million). The board of directors of the Company (the "Board") has considered, among others, the internally generated funds and financial resources available to the Group as follows:

- On 17 June 2013, the Company announced that the Board had approved the expansion plan in order to optimize and increase the capacity of the Toromocho Mining Project (the "Expansion Plan") with estimated total capital expenditure of US$1.32 billion, 80% of which would be financed by bank loans and 20% by internal funding. The Expansion Plan was approved by National Development and Reform Commission of China ("NDRC") in December 2013. In connection with the Expansion Plan, the following financial resources are available to the Group, including (i) in July and August 2014, the Company obtained banking facility commitments of US$100 million, US$100 million and US$115 million from Standard Chartered Bank (Hong Kong) Limited ("SCB"), Banco Bilbao Vizcaya Argentaria, S.A., Hong Kong ("BBVA") and Hong Kong and Shanghai Banking Corporation Limited ("HSBC"), respectively, for the Expansion Plan and general corporate purpose, for which the formal facility agreements have not been signed yet; (ii) in October 2013, China Development Bank ("CDB") issued a letter to NDRC indicating its principle approval to provide long-term loans with an amount of US$1,056 million for the Expansion Plan. Accordingly, the Company submitted a formal loan application of US$1,056 million to CDB in February 2014, which is currently under CDB's final review and approval; (iii) in January 2014, the Company submitted a formal loan application of US$1,056 million to Export-import Bank of China ("Eximbank"), which is currently under Eximbank's final review and approval. Except the facilities committed by SCB, BBVA and HSBC, the remaining bank financing resources for the Expansion Plan will be provided by CDB and Eximbank as mentioned above.

2. Basis of Preparation *(continued)*

Going concern *(continued)*

- In April 2014, Chinalco Overseas provided a loan facility of US$200 million for general corporate purposes including but not limited to funding the working capital for the Toromocho Mining Project. As at 30 June 2014, except for loans amounting to US$190 million drawn down during current period, the remaining facility provided by Chinalco Overseas was US$10 million.

- The Company's immediate holding company, Chinalco Overseas, has agreed not to demand repayment of the loan due from the Group amounting to approximately US$343 million as at 30 June 2014 (31 December 2013: US$152 million) until the Group is financially capable to do so. The Company's ultimate holding company, Chinalco also agreed that it will provide continuing financial support to finance the future operations of the Group for a period of not less than 12 months from the date these financial statements were approved.

Based on the above, the directors of the Company believe that the Group will have adequate resources to continue in operations for a period that is not less than 12 months from 30 June 2014. The Group therefore continues to adopt the going concern basis in preparing these financial statements.

3. Summary of Significant Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective from 1 January 2014.

The Group has applied several new standards, interpretation and amendments in 2014 for the first time. However, they do not impact the interim condensed consolidated financial statements of the Group.

New and revised IFRSs adopted by the Group

The nature and the impact of each new standard or amendment is described below:

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – *Investment Entities*

These amendments include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27 (2011). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as none of the entities in the Group qualifies to be an investment entity as defined in IFRS 10.

Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

3. Summary of Significant Accounting Policies *(continued)*

New and revised IFRSs adopted by the Group *(continued)*

Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Group as the Group has no derivatives during the current or prior periods.

Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets*

These amendments removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. These amendments have no impact on the Group.

IFRIC 21 *Levies*

This interpretation is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. It clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The adoption of IFRIC 21 did not have any impact on the interim condensed consolidated financial statements of the Group as at 30 June 2014.

Improvements to IFRSs

Apart from the above, the IASB has also issued improvements to IFRSs which set out amendments to a number of IFRSs primarily with a view to remove inconsistencies and clarify wording. The adoption of these amendments upon their effective dates did not have any material impact on the accounting policies, financial position or performance of the Group.

4. Critical Accounting Estimates and Judgments

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied in the annual consolidated financial statements for the year ended 31 December 2013.

5. Financial Risk Management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risks, cash flow interest rate risk and commodity price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

(a) There have been no changes in the risk management department since 31 December 2013 or in any risk management policies.

There was no material change in the status of market risk or credit risk as compared with that of 31 December 2013.

(b) Liquidity Risk

As compared with 31 December 2013, there was no material change in the contractual undiscounted cash outflows for financial liabilities, except for the additions of long-term borrowings amounted to US$118 million during the six months ended 30 June 2014. The liquidity risk of the Group is controlled by maintaining sufficient cash and cash equivalents, which is generated primarily from operating and financing activities.

5.2 Fair value estimation

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

5. Financial Risk Management *(continued)*

5.2 Fair value estimation *(continued)*

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As of 30 June 2014, the Group has no financial instruments measured at fair value (31 December 2013: Nil).

5.3 Financial instruments

Set out below is an overview of financial instruments held by the Group as at 30 June 2014 and 31 December 2013:

	Loans and receivables	
	30 June 2014 US$'000	31 December 2013 US$'000
Financial assets:		
Trade and other receivables	**68,643**	26,242
Restricted cash	**9,557**	11,440
Cash and cash equivalents	**113,782**	122,916
Total	**191,982**	160,598

	Financial liabilities at amortised cost	
	30 June 2014 US$'000	31 December 2013 US$'000
Financial liabilities:		
Loans and borrowings	**3,501,117**	3,070,808
Trade payables	**315,654**	361,317
Financial liabilities included in accruals and other payables	**–**	23,984
Amount due to immediate holding company	**2,426**	2,426
Total	**3,819,197**	3,458,535

Management assessed that the fair value of the Group's financial assets and financial liabilities, except the non-current portion of loans and borrowings, approximated to their carrying amounts at the reporting date largely due to the short term maturities of these instruments.

5. Financial Risk Management *(continued)*

5.3 Financial instruments *(continued)*

The fair value of the Group's non-current portion of loans and borrowings approximated to their carrying amounts mainly because they are floating rate loans and borrowings.

6. Property, Plant and Equipment

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
At 1 January		
Cost	**3,843,943**	2,593,709
Accumulated depreciation	**(29,900)**	(15,541)
Net carrying amount	**3,814,043**	2,578,168
During the period		
At 1 January, net carrying amount	**3,814,043**	2,578,168
Additions	**228,062**	519,517
Transfer in/(out)	**–**	(336)
Disposals	**(39)**	(15)
Depreciation	**(13,168)**	(6,168)
At 30 June, net carrying amount	**4,028,898**	3,091,166
At 30 June		
Cost	**4,071,902**	3,112,875
Accumulated depreciation	**(43,004)**	(21,709)
Net carrying amount	**4,028,898**	3,091,166

Included in the movement of property, plant and equipment of the Group for the six months ended 30 June 2014 was a downward revision to the estimated remediation and restoration obligations (Note 11) in relation to the property, plant and equipment amounting to US$19,437,000 (2013: US$12,875,000).

During the six months ended 30 June 2014, the Group capitalised financing costs amounting to US$41,866,000 (2013: US$32,050,000) included in the additions of property, plant and equipment of the Group.

As at 30 June 2014, bank borrowings from Eximbank amounting to US$2,400,680,000 (31 December 2013: US$2,399,204,000) (Note 12(b)) were guaranteed by Chinalco and according to the borrowing agreements, in case that the credibility or financial status of Chinalco deteriorates or has the potential to deteriorate, all property, plant and equipment pertaining to the Toromocho Mining Project will be pledged as additional security for these borrowings.

7. Value-added Tax Recoverable

On 14 September 2010, by means of Supreme Decree No. 060-2010-EM issued by the Peruvian Ministry of Energy and Mines ("MEM"), as countersigned by the Ministry of Economy and Finance, the Company was entitled to use the Special Regime of the Value Added Tax ("VAT") Anticipated Refunding ("RERA IGV", the Spanish acronym), in adherence to Legislative Decree 973. Accordingly, qualified VAT paid on purchases can be used to set off tax payable to local sales, income taxes or any other taxes required by the Peruvian tax authorities or refunded in the form of negotiable credit notes or non-negotiable checks.

In order to qualify for the above entitlement under RERA IGV, the Group signed an investment agreement with respect to the Toromocho Mining Project (the "Investment Agreement") on 16 June 2009 with MEM, which was later modified under an addendum dated 27 July 2010. Pursuant to the Investment Agreement, the Group agreed to invest into the Toromocho Mining Project amounting to US$2,053 million by the end of 2012. On 15 December 2011, MEM and MCP signed a second addendum to the Investment Agreement, which was approved by the MEM and Ministry of Finance of the Peruvian government on 8 February 2012, in order to extend the period of fulfillment of the committed investment until December 2013.

On 17 January 2014, the Company signed an amendment of the Investment Agreement with MEM pursuant to which the Group committed to invest US$2,984 million in the Toromocho Mining Project by 30 June 2014.

VAT recoverable represents the VAT credits entitled to the Group for VAT paid on the acquisition of goods and services relating to its exploration and development activities, and is summarized as follows:

	30 June 2014 US$'000	31 December 2013 US$'000
VAT recoverable:		
– to be recovered after more than 12 months	**161,097**	183,945
– to be recovered within 12 months	**55,644**	23,250
	216,741	207,195

8. Trade Receivables

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to two months for major customers.

As at 30 June 2014, all the trade receivables were aged within 6 months and non-interest bearing (31 December 2013: Nil).

9. Prepayments and Other Receivables

	30 June 2014 US$'000	31 December 2013 US$'000
Other receivables:		
Loan to a joint venture (Note (a))	**10,029**	8,100
Loan to a transportation services provider (Note (b))	**3,047**	3,047
Amount due from contractors for purchase of fuel	**6,024**	13,600
Employee advances	**980**	547
Amounts due from related parties	**145**	144
Others	**389**	804
	20,614	26,242
Prepayments:		
Prepayment to constructors	**53,416**	–
Prepaid income tax	**5,446**	3,237
Prepayment for construction insurance of Toromocho Mining Project	**2,295**	2,050
Others	**14,509**	9,096
	75,666	14,383
Total prepayments and other receivables	**96,280**	40,625
Less: non-current portion (Note (b))	**(3,047)**	(3,047)
	93,233	37,578

Notes:

(a) Loan to a joint venture amounting to US$10,029,000 (31 December 2013: US$8,100,000) is unsecured and bears interest at LIBOR plus 5% per annum.

(b) As at 30 June 2014, the loan amounting to US$3,047,000 (31 December 2013: US$3,047,000) represented loan to Ferrocarril Central Andino S.A., a third party Peruvian limited liability company that provided certain transportation services to the Group. Such loan receivable is unsecured, interest free and due in 9 years.

Aging analysis of other receivables at the respective balance sheet dates is as follows:

	30 June 2014 US$'000	31 December 2013 US$'000
Within 3 months	**2,890**	7,168
3 to 6 months	**1,636**	5,887
6 months to 1 year	**7,387**	10,140
1 to 2 years	**8,701**	3,047
	20,614	26,242

10. Share Capital and Share Premium

As at 30 June 2014, the number of total authorized ordinary shares was 25 billion (31 December 2013: 25 billion) with a par value of US$0.04 per share.

Details of the issued and fully paid ordinary share capital of the Company are as follows:

	Number of issued shares	**Ordinary shares** US$'000	**Share premium** US$'000
At 1 January 2014	**11,817,782,429**	**472,711**	**327,267**
Issuance of new shares	**–**	**–**	**–**
At 30 June 2014	**11,817,782,429**	**472,711**	**327,267**
At 1 January 2013	10,001,171,429	400,047	–
Issuance of new shares *(Note)*	1,816,611,000	72,664	329,048
At 30 June 2013	11,817,782,429	472,711	329,048

Note:

The Company completed the listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 31 January 2013 and the over-allotment option was exercised on 22 February 2013 with 1,764,913,000 and 51,698,000 shares issued respectively at a par value of US$0.04 per share. The issue price was HK$1.75 per share.

11. Provision for Remediation and Restoration

Provision for remediation and restoration includes environmental remediation costs, assets retirement obligation and similar obligations in relation to the Group's development of the Toromocho Mining Project. Pursuant to the Assignment Agreement of the Toromocho Mining Project, the Group is responsible for the remediation of the alternations of the lands given for mineral exploitation, even if these damages were caused before the signing of the relevant concession agreements. In addition, the Group is also obliged to operate and maintenance certain facilities post-closure of the mines.

In August 2012, Walsh Peru S.A., an independent valuer, issued to the Group the Final Mine Closure Plan which was approved by the Ministry of Energy and Mines of Peru ("MEM") on 27 December 2012. Taking into consideration of the report issued by Walsh Peru S.A. and the MEM's approval of the Mine Closure Plan, the Group has assessed and provided for remediation and restoration and similar obligations amounted to US$72,395,000 as at 30 June 2014 (31 December 2013: US$90,200,000).

11. Provision for Remediation and Restoration *(continued)*

Movements of provision for remediation and restoration are as follows:

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
At beginning of the period	**90,200**	69,675
Revision	**(19,437)**	(12,875)
Accretion	**1,632**	941
At the end of the period	**72,395**	57,741

12. Loans and Borrowings

	30 June	31 December
	2014	2013
	US$'000	US$'000
Current		
Borrowings from immediate holding company (a)		
– unsecured	**190,000**	–
Short-term bank loans (b)		
– guaranteed	**400,000**	281,000
– unsecured	**100,000**	100,000
Long-term bank loans, due within one year (b)		
– guaranteed	**123,215**	–
	813,215	381,000
Non-current		
Borrowings from immediate holding company (a)		
– unsecured	**153,437**	151,604
Long-term bank loans (b)		
– guaranteed	**2,534,465**	2,538,204
	2,687,902	2,689,808
	3,501,117	3,070,808

12. Loans and Borrowings *(continued)*

(a) Borrowings from immediate holding company

During the six months ended 30 June 2014 and 2013, the Group's borrowings from its immediate holding company are as follows:

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
At beginning of the period	**151,604**	250,766
Addition	**190,000**	–
Interest charged	**1,833**	2,440
Repayment	**–**	(103,495)
At the end of the period	**343,437**	149,711

(b) Bank loans

As at 30 June 2014, bank loans are summarized as follows:

	30 June 2014		31 December 2013	
	Amount	**Effective interest rate**	Amount	Effective interest rate
	US$'000		US$'000	
The Export-import Bank of China ("Eximbank") (i)	**2,400,680**	**2.18% – 3.83%**	2,399,204	2.20% – 3.85%
China Development Bank ("CDB") (ii)	**257,000**	**3.83%**	220,000	3.85%
Other banks (iii)	**500,000**	**1.16% – 1.61%**	300,000	1.35% – 1.80%
	3,157,680		2,919,204	

(i) In December 2010, the Group obtained a banking facility amounting to US$2,000 million from Eximbank for the purpose of financing the development of the Toromocho Mining Project. The Group is required to pay a 1% commission fee for each drawdown and the facility bears an interest rate at LIBOR plus 1.85% per annum. This facility is guaranteed by Chinalco and will become secured by all property, plant and equipment pertaining to the Toromocho Mining Project if Chinalco's credibility or financial status deteriorates (Note 6). The Group is also required to comply with certain financial covenants relating to the use of funds and other administrative resources.

In March 2013, the Group signed a supplemental agreement with Eximbank which provided additional loan facility amounting to US$419 million with an interest rate at LIBOR plus 3.5% per annum. The Group is required to pay a 1% commission fee for each drawdown. This facility is guaranteed by Chinalco and will become secured by all property, plant and equipment pertaining to the Toromocho Mining Project if Chinalco's credibility or financial status deteriorates (Note 6). The Group is also required to comply with certain financial covenants relating to the use of funds and other administrative resources.

12. Loans and Borrowings *(continued)*

(b) Bank loans *(continued)*

(ii) In September 2012, the Group obtained banking facilities amounting to US$83 million from CDB for the construction, maintenance and operation of Kingsmill Tunnel Water Treatment Plant. This facility is guaranteed by Chinalco and bears an interest rate at LIBOR plus 3.5% per annum.

In September 2012, CDB issued a memorandum indicating its commitment to lend US$274 million to the Group for certain designated projects in relation to the development of the Toromocho Mining Project, in which US$100 million was cancelled later due to delay of related specific project. Pursuant to this memorandum, the Group has obtained banking facilities which are guaranteed by Chinalco and bear an interest rate at LIBOR plus 3.5% per annum.

(iii) As at 30 June 2014, the Group obtained bank loans of US$500 million from BBVA and SCB, which are denominated in US$ and bearing interest rates at a range from 1.16% to 1.61% per annum. Among of which, US$400 million is guaranteed by China Export and Credit Insurance Corporation, a third party, with counter-guarantee provided by Chinalco.

During the periods ended 30 June 2014 and 2013, the movement in the borrowings from banks are analysed as follows:

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
At beginning of the period	**2,919,204**	1,999,973
Proceeds of new borrowings	**318,000**	432,000
Repayments of the borrowings	**(81,000)**	–
Payments of commission fee	**–**	(4,200)
Amortization of commission fee	**1,476**	2,191
At the end of the period	**3,157,680**	2,429,964

12. Loans and Borrowings *(continued)*

(c) As at 30 June 2014, the long-term loans and borrowings were repayable as follows:

	30 June 2014 US$'000	31 December 2013 US$'000
Within 1 year	**123,215**	–
Between 1 and 2 years	**192,329**	219,926
Between 2 and 5 years	**670,258**	613,507
Over 5 years	**1,825,315**	1,856,375
	2,811,117	2,689,808
Amount due within one year shown under current liabilities	**(123,215)**	–
	2,687,902	2,689,808

13. Trade Payables

Aging analysis of trade payables is as follows:

	30 June 2014 US$'000	31 December 2013 US$'000
Up to 3 months	**240,915**	352,894
3 to 6 months	**63,694**	1,061
6 months to 1 year	**11,045**	7,362
	315,654	361,317

14. Revenue

As the Group has not commenced commercial production, no revenue was generated during the six-month period ended 30 June 2014 (2013: Nil).

Management determines the operating segments based on the information reported to the Group's chief operating decision maker. As all of the Group's activities are engaged in the mining development and all the principal assets employed by the Group are located in Peru, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the results of the Group as a whole.

15. General and Administrative Expenses

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
Employee benefit expenses		
– wages, salaries and allowance	**28,643**	17,224
– directors' emoluments	**926**	611
– pension costs-defined contribution plans	**3,371**	2,608
– others staff benefits	**3,798**	3,590
Less: staff cost capitalized into construction-in-progress	**(31,261)**	(18,567)
	5,477	5,466
Amortization and depreciation	**262**	357
Consulting and other service expenses	**336**	5,408
Office and other supplies	**630**	714
Advertising and promotion	**44**	286
Travel and transportation	**383**	253
Taxes other than income tax	**877**	235
Operating lease expense	**610**	224
Others	**189**	2,196
	8,808	15,139

16. Income Tax Benefit

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
Current income tax	**(38)**	(2,003)
Deferred income tax	**6,405**	3,163
	6,367	1,160

The Company was incorporated in Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands corporate income tax.

The Company's subsidiaries incorporated in Peru are subject to income tax at a rate of 32% during the six-month period ended 30 June 2014 (2013: 30%), pursuant to the stability agreement signed with the MEM that stabilizes their income tax rates at 32%, taking effect on 1 January 2014.

16. Income Tax Benefit *(continued)*

The income tax on the Group's loss before tax differs from the theoretical amount that would arise using the applicable tax rates to losses of the consolidated entities as follows:

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
Loss before income tax	**(12,460)**	(9,126)
Tax benefit calculated at the tax rates applicable to losses in the respective countries	**3,987**	2,738
Tax benefit calculated at the tax rates applicable to losses recognised previously in the respective countries	**3,652**	–
Non-deductible expenses	**(1,295)**	(2,025)
Others	**23**	447
Income tax benefit	**6,367**	1,160

17. Loss per Share for the Period Attributable to the Equity Holders of the Company

(a) Basic

Basic loss per share is calculated by dividing the net loss attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2014	2013
Loss attributable to equity holders of the Company (US$'000)	**(6,093)**	(7,966)
Weighted average number of ordinary shares in issue (thousands)	**11,817,782**	11,508,695
Basic loss per share (US$ per share)	**0.0005**	0.0007

(b) Diluted

Diluted loss per share for the six months ended 30 June 2014 and 2013 are the same as the basic loss per share, as there are no dilutive potential shares.

18. Dividends

No dividend has been paid or declared by the Company during the six months ended 30 June 2014 and 2013.

19. Commitments and Contingencies

(a) Commitments

(i) Capital Commitments

	30 June 2014 US$'000	31 December 2013 US$'000
Contracted but not provided for	**157,044**	110,924
Authorised but not contracted for	**–**	–
	157,044	110,924

(ii) Operating lease commitments – Group as the lessee

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2014 US$'000	31 December 2013 US$'000
No later than 1 year	**3,705**	1,180
Later than 1 year and no later than 5 years	**2,447**	4,491
	6,152	5,671

(iii) Investment Commitments

1) Pursuant to the Investment Agreement in connection with the VAT recoverable entitlement (Note 7), the Group is committed to invest into the Toromocho Mining Project amounting to US$2,053 million by the end of 2012. On 15 December 2011, the MEM and MCP signed an addendum to the Investment Agreement, which was approved by the MEM and Ministry of Finance of the Peruvian government on 8 February 2012, in order to extend the period of fulfilment of the committed investment until June 2014.

   On 23 November 2013, the Company submitted to the General Mining Bureau ("GMB") a modification request of the "Agreement of Guarantees and Measures to Promote Investment" (the "Stability Agreement", which was initially signed with the MEM on 9 March 2009) to increase the amount of committed investment and extend the period of disbursement. On 27 December 2013, the GMB approved the modification of the investment schedule of the Toromocho Mining Project, with an increase of total investment up to US$4,383 million and an extended period of disbursement to December 2016. As at 30 June 2014, the Group has invested US$3,641 million in the development of the Toromocho Mining Project.

2) The Group maintains letters of credit amounting to US$5,037,000 as the guarantee for compliance with the Mine Closure Plan (Note 11), which is secured by restricted cash US$919,000.

19. Commitments and Contingencies *(continued)*

(b) Contingencies

(i) In May 2010, the local government of Morococha issued an order to MCP to cease the construction work for the new town of Morococha for the purpose of relocating the local original residents in relation to the development of the Toromocho Mining Project through an administrative resolution on the ground that the construction started without a proper permit. In August 2011, MCP obtained from the provincial government of Yauli-La Oroya a preliminary relief which explicitly permits it to continue the construction. In August 2011, the district court ruled that the local municipal government of Morococha is a competent authority to issue the aforementioned order and that the evidence shows that the Company did not have a relevant permit at the time of such order. In September 2011, MCP filed an appeal with the court of appeal against the decision by the district court claiming that, among others, the competent authority to supervise this matter should be the provincial government of Yauli-La Oroya of Peru and that the local government of Morococha's resolution on this matter is invalid. In September 2012, the superior court issued a resolution declaring the appeal as inadmissible. MCP filed an appeal to the constitutional high court, which will be the final instance. On 11 March 2013, MCP presented their oral report before the constitutional high court and the final resolution is yet to be released.

As at the date of these interim condensed consolidated financial statements were approved, the aforementioned appeal is still in progress. In consideration of the opinion of an independent legal counsel, the directors of the Company are of the opinion that the claim is likely to be resolved in favour of MCP. Accordingly, no provision is considered necessary with respect to the aforementioned claim as at 30 June 2014.

(ii) Apart from the above, as at 30 June 2014, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the financial statements.

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

In accordance with IAS 24 (revised), "Related Party Disclosures", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are also defined as related parties of the Group.

Saved as disclosed elsewhere in this report, the following significant transactions were carried out with related parties of the Group:

(a) Purchases of property, plant and equipment

During the six months ended 30 June 2014, the Group purchased from a fellow subsidiary certain equipment amounting to US$816,000 (2013: US$10,000), on prices and terms mutually agreed by the parties involved.

(b) Borrowings due to immediate holding company

During the six months ended 30 June 2014 and 2013, the Group has outstanding borrowings due to its immediate holding company, details of which are disclosed in Note 12(a). For the six months ended 30 June 2014, the interest expense incurred for such borrowing amounted to US$1,833,000 (2013: US$2,400,000).

(c) Financial guarantees by ultimate holding company

As at 30 June 2014, the Group's borrowings amounting to US$2,658 million (31 December 2013: US$2,619 million) (Note 12(b)) were guaranteed by Chinalco.

As at 30 June 2014, the Group's current borrowings amounting to US$400 million (31 December 2013: US$200 million) were guaranteed by China Export and Credit Insurance Corporation, with counter-guarantee by Chinalco (Note 12(b)).

The guarantees will continue to be in place until the Group is able to replace or refinance the existing loan facility in a commercially justifiable manner.

20. Related Party Transactions *(continued)*

(d) Facilities provided by immediate holding company

In April 2014, Chinalco Overseas provided a loan facility of US$200 million for general corporate purposes including but not limited to funding the working capital for the Toromocho Mining Project. As at 30 June 2014, except for loans amounting to US$190 million drawn down during current period, the remaining facility provided by Chinalco Overseas was US$10 million.

(e) Key management compensation

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
Salaries and other emoluments	**3,176**	2,917
Discretionary bonuses	**2,548**	2,301
Retirement benefits	**98**	324
	5,822	5,542

(f) Significant transactions with state-owned enterprises except Chinalco and its subsidiaries ("Other State-owned Enterprises")

During the six months ended 30 June 2014, significant transactions with Other State-owned Enterprises are summarized as follows:

Cash and cash equivalents amounting to US$115,250 at 30 June 2014 (31 December 2013: US$375,003) and borrowings amounting to US$2,658 million as at 30 June 2014 (31 December 2013: US$2,619 million), and the relevant interest income earned and expenses incurred during the six months ended 30 June 2014 and 2013 are transacted with banks owned/controlled by the PRC government.

The above transactions conducted with Other State-owned Enterprises are based on terms as set out in the underlying agreements as mutually agreed.

21. Event Occurring after the Reporting Period

Saved as disclosed in Note 2 to the unaudited interim condensed consolidated financial statements, no other reportable events or transactions take place after the balance sheet date.

22. Approval of the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2014.

CHINALCO-CMC